

Exhibit F

UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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AUTHENTICOM, INC.

Plaintiff,

-vs-

Case No. 17-CV-318-JDP

CDK GLOBAL, INC., LLC
and THE REYNOLDS and
REYNOLDS COMPANY,

Madison, Wisconsin
June 26, 2017
1:50 p.m.

Defendants.

* * * * *

STENOGRAPHIC TRANSCRIPT-FIRST DAY OF EVIDENTIARY HEARING

AFTERNOON SESSION

HELD BEFORE THE HONORABLE JAMES D. PETERSON,

APPEARANCES:

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I-N-D-E-X

<u>PLAINTIFF'S WITNESSES</u>	<u>EXAMINATION</u>	<u>PAGES</u>
STEPHEN COTTRELL	Cross by Mr. Ryan	7-41
	Cross by Mr. Ross	42-58
PETER SWIRE	Direct by Mr. Schwarz	58-85
	Cross by Mr. Wilkinson	86-103
	Cross by Ms. Miller	103-108
	Redirect by Mr. Schwarz	108-110
BRIAN MAAS	Direct by Ms. Gregor	180-185
	Cross by Ms. Gulley	185-187
MICHAEL KORP	Direct by Mr. Hafenbrack	188-200
	Cross by Ms. Gulley	201-206
	Cross by Mr. Provance	207-213
	Redirect Mr. Hafenbrack	213-215
	Cross by Ms. Gulley	215-216

DEFENDANTS' WITNESSES

ERIC ROSENBACH	Direct by Ms. Miller	111-154
	Cross by Mr. Schwarz	154-178
	Redirect by Ms. Miller	178-179

E-X-H-I-B-I-T-S

<u>PLAINTIFF'S EXHIBITS</u>	<u>IDENTIFIED/RECEIVED</u>
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Ex. 55	McCray notes	37	---
96	ISAC form	---	178

DEFENDANTS' EXHIBITS

Ex. 11		---	213
12		---	213
13	CDK MSA	212	213
181	Authenticom response	40	40
186	Query data	146	145

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THE CLERK: This Honorable Court is again in session. Please be seated and come to order.

1 I talked about the other things, the principles that are
2 important, that close attention to access management is
3 something that is very important. And both of these
4 firms pay close attention to that because again,
5 credentials are the most important thing when it comes to
6 cybersecurity. They are keys to the castle. You can
7 architect it beautifully, but if someone gives you the
8 keys, you can come in.

9 Also I think that both place a pretty high premium
10 on educating both their internal work force and their
11 customers about good cybersecurity practices, placing a
12 premium on it. And again, something that quite frankly I
13 was a little bit surprised to see is that they invest a
14 lot of money in it. Because right now, this is my
15 professional opinion, there's a lot of underinvestment in
16 cybersecurity in the private sector, which is a type of
17 market failure.

18 Q Did you have an opportunity to evaluate both CDK's
19 and Reynolds' third-party partner programs and the
20 security around those programs?

21 A I did. I think I actually spent more time asking
22 about the Third Party Access Programs than anything
23 because it's one of the key issues of the case. And so
24 in both cases, in Reynolds in particular, they've even
25 architected, as you heard earlier about the sandbox, the

1 so-called sandbox, a way that third-party people,
2 third-party vendors -- and I want to be very clear about
3 this: that could include a data integrator, so a
4 third-party could be anyone who is not this -- have
5 access to the data. I did not encounter anything in any
6 of the interviews I did where the reason that they were
7 doing certain security mechanisms was designed to lock a
8 specific type of business or firm out. It was to make
9 sure that people who needed the data had access to it,
10 but that it was done in a very, very secure way.

11 If I could, I'd just like to tell you a little bit
12 about that technically. And I know you hear some
13 technical terms, but the way that they do that is with a
14 specialized software interface. So you've heard the term
15 API. That's essentially what they do. The reason that
16 that is qualitatively better and thus introduced less
17 risk to the firms who were doing it, in this case CDK and
18 Reynolds, is that it's a clean match-up of software as a
19 way to pass the data rather than what is what I call a
20 forced extraction and using screen scraping. Screen
21 scraping is something -- it's very sloppy. It's not very
22 exact. And you end up getting a lot more data than you
23 probably should from my professional perspective.

24 Q In your investigation, did you come across any
25 cybersecurity measures taken by CDK or Reynolds that did

1 not address a legitimate security concern?

2 A No. Everything that I saw made sense to me in the
3 holistic way that they would look at possible threats and
4 their businesses. So again, a really important part of
5 this is when you're a business like CDK or Reynolds and
6 you're the CEO, the most important thing when it comes
7 down to it is you want to make money and you want to have
8 a good relationship with your customers, but you can't be
9 so secure that you totally lockdown the firm and you
10 don't make any money because you're super secure but
11 there's nothing going on. So you have to make decisions
12 based on risk. Again, it comes down to that. You say
13 well, we're going to invest a certain amount of money
14 because it mitigates this risk and it fits within the
15 overall business case. So everything I saw from my
16 perspective made sense, in particular knowing all the bad
17 things that had happened in 2013 to '15 period, to ramp
18 up their security, build a more secure architecture, and
19 also address the fact that in order to be successful,
20 they need to have third-party vendors access the data.
21 They're more successful the more people access the data.
22 So it's a major point where they had to balance risk as
23 opposed to the business opportunity.

24 Q Is it fair to say that you disagree with Mr. Swire
25 about whether CDK and Reynolds are justified in

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2 I, LYNETTE SWENSON, Certified Realtime and
3 Merit Reporter in and for the State of Wisconsin, certify
4 that the foregoing is a true and accurate record of the
5 proceedings held on the 26th day of June 2017 before the
6 Honorable James D. Peterson, District Judge for the
7 Western District of Wisconsin, in my presence and reduced
8 to writing in accordance with my stenographic notes made
9 at said time and place.

10 Dated this 30th day of June 2017.

11
12
13 /s/_____

14 Lynette Swenson, RMR, CRR, CRC
15 Federal Court Reporter
16
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